

Accepted by the Graduate Faculty, Indiana University, in partial fulfillment of the requirements for the degree of Master of Liberal Studies.

IN SEARCH OF THE ELUSIVE 501 (c) 3:

A GUIDE TO THE ESTABLISHMENT OF A NONPROFIT TAX-EXEMPT ORGANIZATION

Nancy J. Taylor

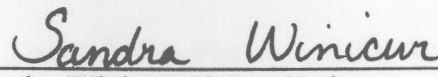
Submitted to the faculty of the University Graduate School
in partial fulfillment of the requirements
for the degree
Master of Liberal Studies
Indiana University

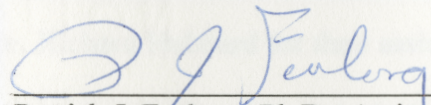
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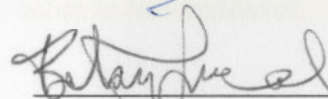
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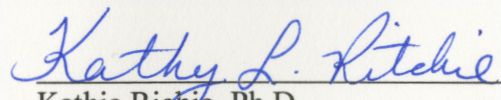
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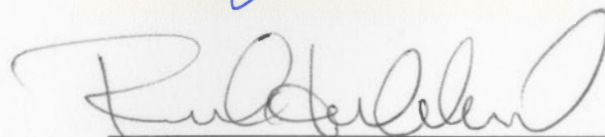
This work is designed for, and dedicated to, those persons who see a need in their communities and say to themselves that something needs to be done. Accepted by the Graduate Faculty, Indiana University, in partial fulfillment of the requirements for the degree of Master of Liberal Studies.


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Dedication

This work is designed for, and dedicated to, those persons who see a need in their communities and say to themselves that something needs to be done.

To those who help others, to those who need help, and to those who live in fear,
that they may know peace in their lives.

I would like to thank Darlene Harrison and her children and my parents and friends for their motivation, love and support in this undertaking. Thank you to Nancy Coiro for walking me through word processing and Mary Ann Feldheim for directions in the search of nonprofit history. Thanks also go to Ken Milani, the members of the Beacon Place, Inc., board of directors and this project's interviewees: Bernice Freeman, Barbara Dodson, Lynn Clothier, Ruth Messiner, Chuck Leone, Vilaine Flenoy, and Jim Roemer. My gratitude is offered to the members of my graduate board: Dr. Sandra Winicur, Dr. Patrick J. Furlong, Dr. Kathie Richie, and Dr. Richard Hubbard for their assistance and patience. And, most of all thank you to Dr. Betty Lubal who was particularly helpful in her guidance and in adding the finishing touches to this endeavor.

Appendixes

Acknowledgements

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This paper is presented as a guideline for those who wish to develop a nonprofit tax-exempt organization. The development of Beacon Place, Incorporated, a transitional shelter and counseling center for domestic violence survivors, is chronicled from conception to fruition. A brief history of female violence against men organizations is included. The easily followed step-by-step format examines the necessary paperwork

Appendixes

Appendix A	Beacon Place, Incorporated, Mission Statement
Appendix B	Beacon Place By-laws
Appendix C	Interview Questions
Appendix D	Quick Guide for Starting a Nonprofit Tax-exempt Organization
Appendix E	State of Indiana Addresses and Numbers

This paper is presented as a guideline for those who wish to develop a nonprofit tax-exempt organization. The development of one such entity, Beacon Place, Incorporated, a transitional shelter and counseling center for domestic violence survivors, is chronicled from conception to fruition. A brief history of nonprofit tax-exempt organizations is included. The easily followed, step-by-step format examines the necessary paperwork from mission statement to the various tax exemption forms. Interviews with persons involved with established nonprofit tax-exempt organizations provide additional insight and guidance. The project concludes with a quick checklist of the steps involved and phone numbers required for establishing a nonprofit tax-exempt organization in the state of Indiana.

I am a domestic violence survivor. I have had my eyes blackened and my mouth split open. I have been slapped, choked, cut and raped. I have had a gun held to my head, a knife to my throat and have been pushed to the bottom of a swimming pool and stood upon in an attempt to drown me. I believed marriage was for better or worse. My religion forbade divorce.

“Why don’t you leave?” is the question most frequently asked of a battered woman. It is a simple question with complex answers. In my case, the main obstacles were religion and humiliation. Sometimes, a husband tells a wife that the only way she is leaving is feet first or in a body bag. If there are children involved, it is even more difficult. After years of abuse on all levels, many women just do not have the energy to leave and start a new life. Their self-esteem has been stolen from them on a daily basis. On the more practical side, in many cases, a place to go and financial self-sufficiency is a very real problem.

There are over thirteen hundred shelters in the United States to provide service to victims in roughly twenty thousand cities and towns. It is estimated that up to sixty percent of victims are turned away in some areas (Berry, 2000). Many battered women have been coerced by their partners not to attend education or job programs, or not to show up at jobs, thus reducing their skill levels and job experience (Roberts, 1998). Seventy-four percent of abused women who work outside the home are harassed by their abusers at work, either in person or by telephone. Fifty-six percent are late for work at least five times a month because of their abusers. Fifty-four percent miss at least three full days of work a month, and twenty percent lose their jobs due to abuse (Berry, 2000). Low-level entry positions and unskilled labor positions often do not offer wages high

enough to allow a woman to support herself and her family, especially if her budget includes the cost of child care. Often welfare is the only option, at least temporarily (Roberts, 1998), and filing for welfare may take longer than the shelter stays permit.

When I was being battered during the 1970s, there were few shelters and the incident that the film, "The Burning Bed," revisited had just occurred. It was not against the law for a husband to beat his wife. The wife was often blamed for doing something wrong or being deficient in some area of being a wife. Spiritual guidance usually led the woman to reconcile with her spouse.

I finally escaped with the assistance of one friend and family members out of state. I restarted my life in a one-room efficiency apartment with a trundle bed and a hot plate. I volunteered at a shelter in my new state, the first I had heard of. They took in women and children for a period of time from two to six weeks. They were only accepted into the shelter if their husbands were substance abusers. I would not have qualified. I saw women who were told their time was up when they were not emotionally or financially prepared. I vowed to myself that, someday, I would start a transitional shelter that would permit a woman to stay up to six months or longer in order to heal, learn new life skills and get a job to save money for her new life.

I wanted to provide a safe place that would allow domestic violence victims the time needed to recover emotionally and to prepare themselves for life on their own through learning new life skills such as budgeting, parenting, communication and what to expect from a healthy relationship. My shelter would provide counseling specific to the issues victims need to address in the hope of stopping the cyclical nature of domestic violence.

In the 1990s and into the 2000s, most shelters still limit a woman's stay to two

weeks to a month. That is not enough time. Often, the shelter serves as respite care before she returns to her abuser still with no way to provide for herself and possibly her children. There are a few transitional shelters nationwide which specialize in domestic violence services. Most homeless shelters offer some services, but not necessarily those specific enough to allow domestic violence victims to become domestic violence survivors. It has been estimated that fifty percent of women and children in homeless shelters are fleeing domestic violence (Berry, 2000). Often, domestic violence victims meet a new partner in the homeless shelter and leave that safety only to end up in another abusive relationship.

When I finished my undergraduate degree in psychology, I decided I was ready to begin my shelter. But I was at a loss as to what needed to be done. I read some of the grant information at various social service agencies with which I had been involved. The grants required an organization to be nonprofit and to have a 501(c) 3, whatever that was. It was apparent that if I wanted to be able to apply for grant dollars, my shelter would need to be one of these 501 (c) 3 entities.

Bureaucratic Questions

Before delving into the intricacies of becoming a nonprofit 501 (c) 3 organization, some questions need to be addressed. What is a nonprofit organization? What is a tax-exempt organization? What is a 501 (c) 3? And, how did the government get involved with determining types of organizations? A brief history of nonprofit tax-exempt organizations is presented next, followed by the remainder of my experience in this venture. Interviews with others who have successfully founded such organizations and a step-by-step guide to starting a nonprofit tax-exempt organization are included.

A nonprofit organization is a federally regulated organization that provides services of some sort for the betterment of a portion of society for a specific purpose. The difference between a grass-roots organization that survives on its own good will and volunteers and an official nonprofit organization is that the nonprofit is recognized as such at both the state and federal levels (Steckel, 1992). The goal of most nonprofit organizations is to receive the designation of being tax-exempt so that goods purchased for the organization and monies raised by the organization are not taxed. To be considered tax-exempt, an organization must apply for and receive the federally granted 501 (c) 3 classification.

The 501 (c) 3 status allows the organization not to pay taxes on any monies raised by the organization. It also allows people and other organizations to donate money and goods to the nonprofit and take the value amount off on their federal income taxes as a charitable donation. The majority of organizations, such as foundations, which give money to worthwhile causes usually will not consider a donation to a particular entity unless there is a 501 (c) 3. There are certain restrictions as well, such as nonprofit organizations may not be involved in partisan politics or lobbying.

Modern tax exemption laws have their roots in England, with the passage of the 1601 Statute of Charitable Uses (Grobman, 1999). Benjamin Franklin traveled to England in the 1720s and observed some of the charitable organizations while there. He returned and founded the Junto, which was a club-like mutual improvement association that eventually formed a subscription library, volunteer fire company, a hospital and an academy, all of which were used as models in other colonies (Herman, 1994).

After the Revolutionary War, some communities continued to pattern themselves after English guidelines such as the Elizabethan Poor Law, which assigned responsibility for the care of the destitute to localities; but other colonies refused any resemblance to England in their ruling bodies. Thomas Jefferson worried that voluntary organizations, if incorporated and permitted to hold property, would become too powerful and rival the government believing they therefore should be limited in their powers and privileges (Herman, 1994).

Court rulings on charities and trusts vacillated between powers of the state to restrict the organizations and federal guidelines. In 1844, in *Vidal v. Girard's Executors*, the Supreme Court secured the rights of individuals to create charitable trusts and corporations in states that had repealed the Elizabethan Statute of Charitable Uses; however, other states continued to be allowed to limit their activities (Herman, 1994).

In 1862, in order to support the Civil War effort, Congress enacted the nation's first income tax law (Ernst & Young, 2000). Federal tax exemption can be traced to 1863, when the income of charities was exempted from corporate taxes (Grobman, 1999). The 1894 Income Tax Act states that such exempt entities include "corporations, companies, and associations organized and conducted solely for charitable, religious, or educational purposes" (Carrington, 1895). The Act was eventually declared unconstitutional, yet continued to serve as the precedent. Such exempt organizations were recognized only if they relieved poverty and did not generate outside income (Grobman, 1999).

A 1924 Supreme Court case, *Trinidad v. Sagrada*, decided that, for purposes of tax-exempt status, the destination of the funds, rather than the source, was the key determinant (Grobman, 1999). This case involved a religious order that sold chocolate,

wine, and other goods and collected rents to support its school, missions, church, and other operations. It was found that the monies made in these ventures were “used solely to further their religious, charitable and educational work” and were therefore “adhering to and advancing those purposes and were not stepping aside from them or engaging in a business pursuit” (Justice Van Devanter, 1924). Thus, tax-exempt organizations were permitted to run profit-making enterprises provided that the net profits were funneled to tax-exempt purposes and did not benefit any individual. This policy was revised by Congressional enactment of an “unrelated business income tax” (UBIT), which identifies and taxes income generated by nonprofit exempt organizations unrelated to their stated mission (Swart, 1996). From 1909 to the present, other categories of tax-exempt status were added by the federal statute (Grobman, 1999).

The Internal Revenue Code provides more than twenty other categories of tax-exempt status besides the 501(c) 3. Some of these are:

- 501 (c) 5- labor, agricultural, or horticultural organizations
- 501 (c) 6- business leagues, chambers of commerce, trade associations
- 501 (c) 7- social clubs
- 501 (c) 11- teacher retirement funds associations
- 501 (c) 14- credit unions
- 501 (c) 16- farmer’s co-ops
- 501 (c) 17- unemployment compensation benefit trusts

With limited exceptions, these organizations have the same federal tax benefits as a 501 (c) 3. A major difference is that, with few exceptions, contributors cannot deduct the amount of their contributions from their personal income tax payments (Grobman, 1999). Other differences include no limits regarding lobbying activities; most are permitted to engage in political activity, although there may be “substantial federal excise tax associated with these expenditures” (Grobman, 1999).

Starting Beacon Place

Most founders of nonprofit organizations, myself included, become involved because of a personal connection with the situation/disorder for which the organization was founded. Several persons interviewed for this project referred to the desire to start a nonprofit to help others in a situation they knew all too well as “a calling.” They may have felt powerless over the situation in the past and becoming an activist and doing something to assist others in the same or similar situation or facing the same disease empowered them and those to whom they reached out. This type of supportive help from others who have faced similar circumstances is very much along the lines of the grandparent of supportive organizations, Alcoholics Anonymous. While Alcoholics Anonymous and its offshoots, Narcotics Anonymous, Sex Anonymous, Gamblers Anonymous, Overeaters Anonymous and the like, offer emotional support and guidelines for living, a nonprofit organization is a business that offers similar emotional support, but, in addition, offers direct services to the participants. Counseling, housing, medical care, education and childcare are but a few of the services offered by various nonprofit organizations.

As the first step in starting my nonprofit organization, I called a female lawyer I found in the yellow pages. She met with me and discussed the steps involved in starting a nonprofit. She said the first step was to register a name for the organization. The name must be one not previously used for a nonprofit organization. In Indiana, a phone call to (317) 232-6576 will check corporate name availability. The name must include the word “corporation”, “incorporated”, “company”, or “limited” or one of these abbreviated (Grobman, 1999). The name may be reserved for a short time for a fee until the actual

incorporation takes place. Having always liked the image of a lighthouse beacon leading one through the rocks to safety, I chose the name, "Beacon Place". The lawyer did the registration for me for the cost of \$200. Only much later did I learn that I could have registered the name and filed the Articles of Incorporation for \$30.

I did not pursue the startup of Beacon Place at that time. I knew what I wanted but was still at a loss as to what path to follow. In time, I read an article in the South Bend Tribune about a woman, Darlene Hairston, who had recently fled her abuser with six small children in tow. She had found, as I had learned myself, that stays at a shelter are very limited. She recognized the need for more than respite care. Darlene had opened her home to other women with children who were seeking refuge from domestic violence. As I read the story, I realized that we had the same dream: a long-term transitional shelter. I contacted Darlene and met with her. She, too, had learned that crisis shelters did not provide the setting for healing in a realistic time frame. We both knew the horrors of domestic violence and the trials of starting over. I had the counseling and paperwork skills and, as a mother of eight, she had the knowledge it takes to run a large household.

Darlene wanted to start a nonprofit organization she called Second Chance. I explained what I knew about nonprofits and suggested that, since I had already secured the name Beacon Place, we could join forces under that heading. The name "Second Chance" had already been taken as an organization, but we could use it as a program under the Beacon Place name. Darlene had already spoken with another woman who was interested in the idea. It turned out to be a woman with whom I had previously worked at Ed Dargis and Associates in South Bend. Kack Nugent was to become our

third member. I had learned from the lawyer that a minimum of three persons is required to found a nonprofit organization.

I still did not know what to do next. I knew that I could not afford the lawyer I had used to secure the name. Fortunately, I was associated with a woman, Bernice Freeman, who had successfully founded her own nonprofit organization, Reaching Out, Inc. She helped immensely by sharing with us her Articles of Incorporation, upon whose design we based ours. She also explained some of the obstacles we would be facing. I sent for forms from the Secretary of State of Indiana, completed the information required, and paid the filing fee. Bernice also suggested we apply for an Employer Identification Number from the Internal Revenue Service. This number becomes the business account number for all tax returns and documents. I called the toll-free number for the IRS and they sent the forms to me.

Any nonprofit organization must have a mission statement, which explains exactly for what purpose the organization was founded, who will be served and by what means (see Appendix A). The wording here is very important, as the organization is restricted to providing only the services that are specifically mentioned or alluded to in the mission statement. A copy of the mission statement becomes part of the official documentation held by both the state and the federal government. If the organization does not adhere to its functions as written in the mission statement, the organization may lose its tax-exempt status.

It is also required that the organization have by-laws, rules of operating the organization to which the nonprofit must adhere. By-laws are very wordy and have the tendency to be similar for similar organizations. It was suggested to us that we contact a

certain person, an accountant well known in the community, who, for a fee, would write our by-laws for us. He had provided this service to a number of other organizations that had been successfully granted their nonprofit tax-exempt status. During our interview with him, several problems arose. Primarily, the other nonprofits with which he worked had all been church-based and he had a cookie cutter set of by-laws that he used with all of them. As our organization specifically stated in our mission statement that we would not discriminate in regard to religion, I was uncomfortable with his suggested by-laws. Also, as more time was spent with the man, he admitted being an abuser earlier in his life. Rather than regretting his past actions, he attempted to justify them and went so far as to laugh about a woman who had been beaten and raped. The lesson we learned here was that not everyone who offers help should be taken up on his/her offer.

I next went to the library in search of by-laws for nonprofit organizations. I was pleasantly surprised to find that there were several books about starting a nonprofit organization. Some of them offered by-laws to copy directly out of the book. I read through the choices and decided that, though none of them specifically addressed our requirements, I could borrow basic information from a number of them as to the board of directors' and the officers' roles, while adapting other parts to meet our organizational goals. A copy of the organization's by-laws must be submitted with both state and federal tax-exemption applications. The Beacon Place by-laws are ten pages long and quite specific (see Appendix B). This had been quite an undertaking, but, finally, it was done.

Beacon Place, Inc., received its Certificate of Incorporation from Secretary of State, Sue Ann Gilroy, certifying that its corporate existence began on September 26, 1997. Now that Beacon Place was certified a corporation, it had to apply for tax-exempt

status both from the state and federal governments. The State of Indiana's application is a bit easier to complete, but must include a copy of the federal letter granting the 501 (c) 3 to the organization. Therefore, the daunting task of filing with the Internal Revenue Service for the status of being 501 (c) 3, a tax-exempt federally recognized organization, must be completed first. I knew from one look at the federal application that I was in for a long haul over my head.

I attempted to find legal assistance for no cost. Legal Aid was not available to help us, as they provide services in very specific limited areas and helping organizations achieve tax-exempt status is not one of them. I tried the law department at the University of Notre Dame. No one there really seemed interested in helping us either; but someone on the desk at the law library one day suggested I try a certain Accounting professor in the School of Business, Ken Milani. With nothing to lose, I contacted his office and left a voicemail explaining our hopes and requesting any assistance he might be interested in giving us. Dr. Milani said he would be happy to help us and asked for a meeting.

Without Ken Milani, Beacon Place would not have received its 501 (c) 3 designation. He understood the tax laws and requirements for filing for a 501 (c) 3; and he had the patience to explain it to a layperson. Working together through the half-inch-thick application, projecting what we would like to envision Beacon Place to be in three years and designing a workable progressive budget, was a very daunting task. We filled out all of the blanks on all of the forms and made copies of our mission statement, our by-laws, the Articles of Incorporation, our letter from the Secretary of the State of Indiana, a list of our Board of Directors and a check for \$465 (yes, it costs money to

apply whether you're accepted or not). We sent it out to the Internal Revenue Service, and, then, we waited.

Often, at this stage, a ping-pong match begins. The IRS sends the organization a list of questions; then the organization sends back a list of answers. This process may continue for months, even years. Beacon Place was fortunate. We had been very careful to answer all questions to the best of our abilities, thanks again to Dr. Milani. We received a total of two phone calls, no letters. One question was whether we were projecting the purchase of two vans or eight vans. The answer was two eight-passenger vans. The second phone call was in regard to a date in which the year had been written erroneously. We made these two small corrections and received our 501 (c) 3 in April 1998. We were on our way.

Most of the people who helped us were acquaintances who had some knowledge of nonprofit organizations. Or, as in the case of Ken Milani, were gifts from a power greater than ourselves. I wondered what "experts" who had been successfully through the process would have advised us.

Learning More about the Process: The Interviews

For this project, I interviewed six community members active with one or more nonprofit tax-exempt organizations, asking for their insight into starting such an organization. They shared some of the things they learned along the way. I asked a series of questions, starting with the names of the organizations with which they had been involved and what their motivation was to become involved in a particular organization. I preceded to ask questions that focused on what they wished they would have known

earlier and what advice they would give to someone starting out with the process (see Appendix C).

Bernice Freeman, founder of Reaching Out, Inc., was instrumental in assisting Beacon Place in coming into existence. Reaching Out, Inc., is a nonprofit organization designed to educate the community about breast cancer. Reaching Out arranges for mammogram screenings for those with financial need and assists those with breast cancer through supportive actions such as transportation and going with a cancer patient to her doctor's visits, surgery, chemotherapy, or radiation treatments. Bernice said she was motivated to start Reaching Out as she, herself, is a breast cancer survivor.

When asked what difficulties she encountered, she reports that she initially contacted Legal Aid but waited six months without assistance. Eventually, someone she knew who had done his own tax-exempt applications gave her some information and she proceeded to go through the process herself. Freeman's advice to someone who wants to start a nonprofit organization is to learn the proper steps ahead of time and have somebody do the tax information who really knows what they are doing.

Barbara Dodson is on the Board of Directors of Reaching Out, Inc. She became involved because she lost her mother to breast cancer. Barbara is very involved in the community and is or has been involved with the Chapin Street Clinic, Hamilton Alternative School, the American Red Cross, the Girl Scouts, the St. Joseph County Neighborhood Mediation Services, Work Force Development and a public health department in Colorado. She has assisted these nonprofit organizations by helping to develop their business plans, writing grants, preparing incorporation papers and writing the by-laws. She said one of her difficulties when she was first involved with

nonprofits was being under the impression that legal assistance was required. She advised that it is important to get someone on your board who really knows the tax law, including filing tax reports for employees. Choose members of your board who will actually attend meetings and play an active part in the organization. Barbara encouraged those considering a nonprofit organization to think it through very carefully and be willing to spend their time and money bringing this entity to life. They must recognize that they "have to make money to keep the organization operational and have the discipline necessary to make that happen." Barbara continues to take business courses at Notre Dame to better serve the organizations with which she is affiliated.

Rose Meissner, director of the St. Joseph County Community Foundation, says that is not that difficult to start a nonprofit organization if one uses a lawyer to do the paperwork. She continues by saying it is easier to start a nonprofit organization than to sustain it. When asked how the Community Foundation helps newly founded nonprofits, she reported that the Community Foundation only awards money to well-established nonprofits and will not take a chance on a new organization.

Ms. Meissner directed me to Chuck Leoni, a lawyer who has helped to establish a number of nonprofit organizations in the area such as the Institute for Neighborhoods, Community Homebuyers' Corporation, and the Neighborhood Resources and Technical Services Corporation. Mr. Leoni stated that he offers his professional expertise to assist others in revitalizing the community. He has been involved with nonprofit organizations for about thirty years.

Obtaining state tax-exempt status is not a problem, he said; but the federal 501 (c) 3 may present some problems depending upon the nature of the organization and the type

of organization desired. If the organization fits into a standard model as recognized by the Internal Revenue Service, such as economic development, housing, or a health service, then there is little problem. If the organization is something innovative or if the IRS has a difficult time understanding the purpose, then it may take longer to convince them that the idea does indeed meet the requirements for a 501 (c) 3 organization and should be officially recognized as a nonprofit tax-exempt corporation. Mr. Leoni also stated that having other organizations who already have a 501 (c) 3 write letters of support may be beneficial.

Mr. Leoni continued with the following advice. Make sure that the mission statement is clear. State what you want to accomplish. Know why you feel your organization should be nonprofit and tax-exempt. Remember that a "No" response from the Internal Revenue Service regarding your 501 (c) 3 application is not a flat refusal. Issues are more negotiable than one would think. Work with the person who is reviewing your application. You have the opportunity to talk with an individual rather than an entity and offer explanations of any unclear portions of your application.

The most important piece of a nonprofit is to have good people assist you, not just in the start-up, but in maintenance. They should have institutional knowledge of the day-to-day workings of a nonprofit tax-exempt organization. It is necessary to project the budget three years out as part of your application. Have people on your board who can collect and present budgetary information. Have specialists on your board, borrow them from other nonprofits or partner with other nonprofits. You need to have expertise to make a go of it. Also, be aware that it takes more time and effort than you can imagine.

Lynn Clothier is founder and director of Indiana Health Center, Inc. She was a nurse

who saw the need to provide medical care to migrant farmworkers. From that humble beginning, Indiana Health Centers has grown to become seven clinics throughout Indiana providing cost-effective health care to the poor and working poor, as well as their outreach programs for migrant farmworkers and the homeless. She has also been involved with several other nonprofit organizations, including the Indiana Primary Health Care Association, the Midwest Primary Health Care Association, and the National Association of Community Health.

Ms. Clothier says that one of the first things to do after identifying the need in the community is to convince others that the service is indeed needed. It is important to build a good organization of people who are committed to the mission and who take it seriously. She suggests, as did Ms. Meissner, that it is easier to ask legal counsel to assist in the paperwork, than to obtain funding to keep the nonprofit functional after obtaining the 501 (c) 3. Ms. Clothier says to be ready to persevere once you make the commitment; she describes the experience as "kind of like an adoption." She states it is necessary to run a nonprofit like a for-profit and wishes she had known this truth when she began. She says it is "hard to sustain the mission without the money," and at times it becomes necessary to extract "blood" (money) from the staff and the board of directors. She goes on to say that all decisions must be weighed to be in the best interest of the corporation and judged against the mission rather than the good of the employees. The bottom line is, "no profits, no progress". A nonprofit organization is permitted to make a profit; in fact, it needs to make a profit to sustain itself and its programs. However, all profits must in turn go back into the organization for the good of the mission and not into any individual pockets.

Many nonprofit organizations are small, serving a certain section or particular need in the community. God's Little Angels Daycare Ministry is one such corporation. Vilene Flenoy founded the daycare four years ago under the wing of the Christian Fellowship Baptist Church. Most religious organizations are 501 (c) 3 organizations that put all funding received back into the operation and maintenance of the organization. Ms. Flenoy struggled with the confusing paperwork involved but found assistance from several people in the community and "downstate". The local IRS office and a Mr. Pierce from the IRS office in Cincinnati helped walk her through the process over a period of six months. Ms. Flenoy says "it's stressful" and "it takes time". She had the unfortunate experience of employing the assistance of several different unscrupulous people who charged her for their supposed expertise though she received no benefit for her expenditures.

Some interviewees did not have a direct relationship to the cause in which they became involved. They became involved with various nonprofit organizations because they felt it was a way to give back to the community in which they live. They use the skills that they have learned in their lives to do this and make the community a better place for other members of less fortunate means. Chuck Leoni is one such man. Jim Roemer is another.

Jim Roemer, director of Community Relations at the University of Notre Dame, says he has gotten involved with local nonprofit organizations because he cares about his community and has faith motivation to take the opportunity to help "my neighbors" through his position at Notre Dame. He has been involved with the founding of Christmas in April, the Center for the Homeless, Dismas House, Visions in Progress, and

L.E.A.D. (Legal Education and Academic Development); he also was instrumental in bringing the Drug Court program to St. Joseph County. He agreed with several others interviewed for this project that it is beneficial to get legal assistance to do the paperwork. It is possible to find lawyers who will work "pro bono", as it will be a "pretty simple matter" to them. He said for legal assistance, try the local bar association or talk to other organizations to learn which lawyers in the area with experience in nonprofits have helped them. Because the process of obtaining a 501 (c) 3 can be very time-consuming, he suggests that those who do not want to wait before providing services go to another exempt nonprofit organization and ask to be placed under their "umbrella" until they receive their own 501 (c) 3 certification. Mr. Roemer said he would encourage anyone who sees a need in the community to develop the nonprofit organization and not be daunted by the legal problems.

There are some common themes among the suggestions and advice given by those who have experience in nonprofit tax-exempt organizations. For example, most say, if possible, to ask a lawyer to do the initial paperwork and have an accountant or someone familiar with tax law to assist in preparing the tax-exempt applications and future tax forms.

The development of the board of directors is crucial. The position of being a member of the board is no longer merely honorific, but necessitates active participation in the development and maintenance of the organization. It is beneficial to have a lawyer, accountant and grant writers on the board. There should be members who have business knowledge and experience. Board members should be willing to give of their time, energy and money to see the organization come to fruition and its service projects

actively operating. Initial enthusiasm has a tendency to wane, so members must be dedicated to be there for the long haul. Members should also be encouraged to bring aboard new members with new ideas and perspectives.

Fundraising is the heart's blood of the organization and the way in which the organization will be able to survive and continue to provide services. It is imperative to have members of the board who know how to generate funds. A combination of knowledge to facilitate active fundraising activities and grant procurement seems to be most functional. Networking in the community plays a large part in fundraising.

Last, but not least, of the common themes running throughout the comments of the interviewees is the encouragement not to be afraid of the undertaking and acknowledgement of the gifts of joy received by helping others. Now that the advice has been given, the work is about to begin.

The "How to..." List

Identifying a need in your community usually comes from an experience you have personally, a friend's experience or a deep concern for a problem area in your community. Brainstorm with peers to narrow down your focus.

Investigate the perceived need in your community by contacting your Community Resource Center, county library or other programs in the field you are examining. Try not to duplicate services as that will mean competition for funding dollars.

Choose an original name that represents your organization's focus without sounding frivolous. Remember that your organization's name represents your mission and serves to introduce you to the funding world. In Indiana, the number to call is (317) 232-6576.

Do not forget to get your Employer Identification Number. Call the IRS for the form at (800) 829-3676.

When writing a mission statement, it is beneficial to look at the basics, the who, what, when, where and why of your proposed organization. Who is the population for which the organization is to provide services? Be specific, the people who issue grant money and the government will be. What services is your organization going to provide? When cannot be answered at this time, but you may give yourself a projected time table. Realize, first off, that it will take about one to one and one half years to progress from idea to receiving nonprofit status and your 501 (c) 3. Where may be specified in the mission statement or not. You may already have a facility in mind; if so, you may want to include it here. Do not limit yourself; however, if you intend the organization to grow and perhaps branch out, you may want to mention a specific area in regards to the where question, such as "in the Michiana area". Often, grants are offered only to specific areas of the country or state. The why is most important. This is where you need to realistically identify the purpose of your organization, why it is necessary to create it and how it is a new idea and not a duplication of services. Many organizations fail due to duplicating services of another organization in the area. If this is done and the other organization is better established, chances are any funding will go to the established organization. Your organization, though a good idea, may die from lack of funding.

Do not try to reinvent the wheel in regards to your by-laws. Certain provisions must, by law, be included in each state for nonprofit organizations. Rules pertaining to quorum requirements and selection of officers may differ from state to state. When writing by-

laws, be sure to use the guidelines recommended for your state (Grobman, 1999). Use examples in books from the library, or books that you buy, that are specific to your state . Ask other nonprofit organizations if you can see a copy of their by-laws to get an idea of what is needed and to make sure you are on the right track.

Obtain the form for your organization's incorporation from the secretary of state's office. In Indiana, the number to call is (317) 232-6576. Ask other nonprofits for assistance or use the guidelines in the books you used for the by-laws.

Contact the IRS for your 501 (c) 3 application. You can get an application at your local office or telephone them. The toll free number is (800) 829-3676. Find someone, a lawyer or accountant with knowledge of tax laws, to help you complete the application. Do not forget to file an application with the state as well. The Indiana department of revenue's phone number is (317) 232-2188. Ask other nonprofit organizations who it was that helped them complete their applications. Have money for the fees.

Learn how to write grants by researching or taking workshops on grant writing. Some colleges offer courses designed to teach and help you write a grant. Have other people on your board of directors who know how to write a grant.

To successfully start and operate a nonprofit organization requires a deep-seated dedication of yourself to the point of sacrificing your time and finances to the goal. You need to create a Board of Directors of like-minded individuals who are as dedicated as you are. You need to research and do all the required paperwork in the proper order and time frame. You need funding and grant writing skills. You need community support. To maintain your organization and its services, you need to raise money and have the

wherewithal to continue to bring money into your organization. There is a great deal of information to learn and a plethora of paperwork involved in starting a nonprofit tax-exempt organization. At the end of this paper is a quick guide and check list to assist you in accomplishing your goal (see Appendix D and E). Good luck.

Afterward

Beacon Place's Second Chance program had seventeen women and their children come through our doors to stay and then move on. It was not the success story that we had wished for, but we learned so much from the initial undertaking. We originally accepted anyone seeking long-term shelter from domestic violence. We learned to screen those seeking our assistance more carefully. We had incidents with dangerously mentally ill women, those who actually just wanted free room and board, and those who endangered the others by divulging the location of the shelter to the men from whom they fled in the first place. We designed intake guidelines and rules with consequences for not following them for residents of the house.

There was great community support of the idea of Beacon Place/Second Chance and we received referrals from the Center for the Homeless, Hope Rescue Mission, Dorothy's House in Osceola, the YWCA women's shelter, the Elkhart shelter, and several out-of-state shelters. The hospitals and the police would call us directly to see if we would take someone in. There was television and newspaper coverage of the transitional center. The counseling program, Letting Go/Moving On, received calls from persons involved in domestic violence themselves to grieving family members whose loved one had been murdered. We knew there was a need and the community cried out that we were right.

Beacon Place/Second Chance had a table at the 1997 South Bend Women's Show held each September at the Century Center. We provided information about our organization and domestic violence in general. We showed the HBO special "Battered" on video continuously throughout the day. We had many people stop by to tell us how much they valued our work and how much we were needed. We had a number of women and a few men stop by to share their stories of abuse and escape from violence at the hands of their partners. We raised less than \$50 from donations in cash, but the vendors of food products filled our van and my car with foodstuffs for the Beacon Place residents.

I wish I could say that there has been a happy ending to Beacon Place's founding. Everyone agreed it was a wonderful idea. Everyone agreed it filled a need in the community. Everyone agreed that the services offered were necessary. However, we received notice from the city in August 1997 that we were not zoned for multiple family housing. We were given three days to relocate the population or face a \$2500 per day fine. After much pleading, we were granted an extension. During the YWCA's annual "Week Without Violence" in October, we marched and attempted to raise awareness and funding. In South Bend, the mayor declared October 26, 1997, to be "Beacon Place/Second Chance Day". But there just wasn't enough money coming in.

We knew we did not have the funding to move the organization, so we found other places for our residents. It took approximately two weeks to find new places for most of our residents, a full month for our mother with seven children. Darlene gave up the home into which she was moving her own family so that this resident would have a place big enough for herself and her children. One young woman stayed as part of Darlene's family

for the next fourteen months before she felt strong enough to move out on her own. We shut down the Second Chance shelter portion of Beacon Place by the end of November .

The cause of death of most nonprofit organizations is lack of funding. I applied for grants and sent out letters to over one hundred organizations. The cold, harsh reality of lack of funding hit me between the eyes each time I received another, "It's a great idea, BUT..." letter from a granting organization. I have taken grant writing courses and workshops. I have even written a few grants that received money for other nonprofit organizations, so I know I know how to write a successful grant. For the time being, Beacon Place, Inc., remains providing some counseling services through the Letting Go/Moving On program. The transitional shelter dream is still alive; the desire is still there. We are reorganizing and are still seeking substantial funding.

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Beacon Place, Inc.

Beacon Place Mission Statement

Beacon Place is a not-for-profit organization dedicated to providing programs that offer healing from domestic violence. The Second Chance program through Beacon Place offers long-term, secure, transitional housing to domestic violence survivors, no longer in crisis, who seek recovery in a healthy structured environment. The Letting Go/Moving On program provides low cost counseling and aftercare for anyone affected by violence.

The Beacon Place vision is that persons affected by domestic violence have the opportunity to recover emotionally, spiritually, and financially; to set and embark upon educational and occupational goals; and achieve independence regardless of their socio-economic status, race, religion, gender, ethnicity, or culture.

SECTION 2. SPECIFIC OBJECTIVES AND PURPOSES

The specific objectives and purposes of this corporation shall be: providing shelter, programs that offer healing from domestic violence: the Second Chance program through Beacon Place offers long-term, secure, transitional housing to domestic violence survivors, no longer in crisis, who seek recovery in a healthy, stable environment. The Letting Go/Moving On program provides low cost counseling and aftercare for anyone affected by violence. Other programs may be developed and implemented as need requires.

The Beacon Place vision is that persons affected by domestic violence have the opportunity to recover emotionally, spiritually, and financially; to set and embark upon educational and occupational goals and achieve independence regardless of their socio-economic status, race, religion, gender, ethnicity, or culture.

Beacon Place, Inc. Bylaws

ARTICLE 1 OFFICES

SECTION 1. PRINCIPAL OFFICE

The principal office of the corporation is located in St. Joseph County, State of Indiana.

SECTION 2. CHANGE OF ADDRESS

The designation of the county or state of the corporation's principal office may be changed by amendment of these Bylaws. The Board of Directors may change the principal office from one location to another within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed, nor require, an amendment of these Bylaws.

_____ Dated: _____

_____ Dated: _____

SECTION 3. OTHER OFFICES

The corporation may have other offices at such other places, within or without its state of incorporation, where it is qualified to do business, as its business and activities may require, and as the board of directors may, from time to time, designate.

ARTICLE 2 NONPROFIT PURPOSES

SECTION 1. IRC SECTION 501 (c) (3) PURPOSES

This corporation is organized exclusively for one or more of the purposes as specified in Section 501 (c) (3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under 501 (c) (3) of the Internal Revenue Code.

SECTION 2. SPECIFIC OBJECTIVES AND PURPOSES

The specific objectives and purposes of this corporation shall be:
providing charitable programs that offer healing from domestic violence: the Second Chance program through Beacon Place offers long term, secure, transitional housing to domestic violence survivors, no longer in crisis, who seek recovery in a healthy, stable environment. The Letting Go/Moving On program provides low cost counseling and aftercare for anyone affected by violence. Other programs may be developed and implemented as need requires.

The Beacon Place vision is that persons affected by domestic violence have the opportunity to recover emotionally, spiritually, and financially; to set and embark upon educational and occupational goals; and achieve independence regardless of their socio-economic status, race, religion, gender, ethnicity, or culture.

ARTICLE 3 DIRECTORS

SECTION 1. NUMBER

The corporation shall have no less than 3 and no more than 12 directors and collectively they shall be known as the Board of Directors.

SECTION 2. QUALIFICATIONS

Directors shall be of the age of majority in this state (21).

Director positions are open to all persons interested in assisting in the recovery of survivors of domestic violence and others affected by domestic violence.

Members of the Board must be willing to be active members: attend meetings, utilize their skills through active volunteerism within the programs, financial assistance (as able, in the form of donations), and carrying the message of Beacon Place throughout the community.

Those not actively participating in the business of the corporation will be considered supporting members and not full members of the Board of Directors.

SECTION 3. POWERS

Subject to the provisions of the law of this state and any limitations in the Articles of Incorporation and these Bylaws relating to the action required or permitted to be taken or approved of by the members of the Board, if any, of this corporation, the activities and the affairs of this corporation shall be conducted and corporate powers shall be exercised by or under the direction of the Board of Directors.

SECTION 4. DUTIES

It shall be the duty of the directors to:

(a) Perform any and all duties imposed upon them collectively or individually by law, by the Articles or Incorporation, or by these Bylaws;

(b) Appoint and remove, employ and discharge, and except as otherwise provided for in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents, and employees of the corporation;

(c) Supervise all officers, agents, and employees of the corporation to assure that their duties are performed properly;

(d) Meet at such times and places as required by these Bylaws and must attend at least half of all general meetings;

(e) Register their addresses and phone numbers with the Secretary of the Corporation and notices of meetings mailed, telephoned, faxed, or voice mailed e-mailed, or messages on machine shall be valid notices thereof.

SECTION 5. TERM OF OFFICE

Each director shall hold office for a period of three years and until a successor is elected and qualifies or that director is reelected.

SECTION 6. COMPENSATION

Directors shall serve without compensation unless they have a position within the corporation that provides direct service to the targeted populations. In that case, the director would be paid such salary as had been previously decided upon by the Board and would not receive additional compensation for being a board member.

SECTION 7. PLACE OF MEETINGS

Meetings shall be held at a location designated by resolution of the Board. The location will be made known at the previous meeting or at the time of meeting notification until such time that a principal office shall be so designated.

SECTION 8. REGULAR & SPECIAL MEETINGS

Regular meetings of the Board shall be held at least once a month. Special meetings of the Board may be called if the need arises such as coordination and planning of special activities.

Notification of meetings will be made with at least one week notice unless extreme circumstances occur.

Such notices may be oral, written, given personally, by first class mail, e-mail, or voice mail, by telephone or by fax, and shall state the place, date and time of the meeting and the matters proposed to be acted upon at the meeting if outside the realm of a regular meeting. The person receiving a voicemail, e-mail, fax, or message on their answering machine should respond with an acknowledgment of receipt of the information within 48 hours of the message.

SECTION 9. QUORUM

A quorum shall consist of at least three members of the Board of Directors with either the President or Vice-president in attendance.

Except as otherwise provided under the Articles of Incorporation, these Bylaws, or provisions under the law, no business shall be considered by the Board at any meeting at which the required quorum is not present, and the only motion which the Chair shall entertain at such a meeting is the motion to adjourn.

SECTION 10. MAJORITY ACTION AS BOARD ACTION

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the Articles of Incorporation, these Bylaws, or provisions of law require a greater percentage or different voting rules for approval of a matter by the Board.

SECTION 11. CONDUCT OF MEETINGS

Meetings of the Board of Directors shall be presided over by the Chairman of the Board or if no such person has been so designated or, in absentia, the President of the corporation or in absentia, the Vice-president of the corporation.

The Secretary of the corporation shall take minutes, if in absentia, another Board member may be appointed the duties for that meeting.

Meetings shall be governed by the following Rules of Order:

There are five Motions that may be made: 1) for action, (2) to amend, 3) to rescind, 4) to table a discussion until later, and 5) to suspend the order of business

There is a 20 minute time limit per subject, with an exception for special activities.

There is a 10 minute speaker limit on a given subject. Only one rebuttal per speaker.

Meetings shall last no more than two hours in length and, ideally, last one hour.

These rules shall be enforced insofar as they are not inconsistent with the Articles or Incorporation these Bylaws, or with provisions of law.

SECTION 12. VACANCIES

Vacancies on the Board of Directors shall exist (1) on the death, resignation, or removal of any Board member and (2) whenever the number of authorized Board members increases.

Any member of the Board may resign effective upon giving written notice to the Chairperson, President or Secretary of the Board. No member may resign if the resignation would leave the Board without the minimum number of members.

Board members may be removed from office, with or without cause, as permitted within the laws of this state.

A vacancy on the Board may be filled by approval of the majority of the Board or by the remaining Director. A person elected to fill a vacancy shall hold office until the next election of the Board of Directors or until his or her death, resignation, or removal from office.

SECTION 13. NON-LIABILITY OF DIRECTORS

The members of the Board of Directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

SECTION 14. INDEMNIFICATION BY CORPORATION OF DIRECTORS AND OFFICERS

The members of the Board of Directors and officers of the corporation shall be indemnified by the corporation to the fullest extent permissible under the laws of this state.

SECTION 15. INSURANCE FOR CORPORATE AGENTS

Except as may be otherwise provided under provisions of the law, the Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, employee, or other agent of the corporation) against liabilities asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the Articles of Incorporation these Bylaws, or provisions of law.

SECTION 16. DUES

There are no required dues to be a member of the corporation.

ARTICLE 4 OFFICERS

SECTION 1. DESIGNATION OF OFFICERS

The officers of the corporation shall be a President, Vice-president, Secretary and Treasurer. At such times when the number of Board members is low, two offices may be held by the same person and the duties of the two offices shall be performed by that person. Assistant officers shall be named from time to time if need requires as determined by the members of the Board.

SECTION 2. QUALIFICATIONS

Any person who has shown commitment to the goals of the corporation may serve as an officer of this corporation.

SECTION 3. ELECTION AND TERM OF OFFICE

Officers shall be elected by the Board of Directors, at any time, and each officer shall hold office until he or she resigns or is removed or is otherwise disqualified to serve or until the successor shall be elected and qualified, whichever comes first.

SECTION 4. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the Board at any time. Any officer may resign at any time by giving written notice to the Board, President, or Secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, as long as the resignation is not in conflict with a prior contract which has been ratified by the Board relating to the employment of any officer of the corporation.

SECTION 5. VACANCIES

Any vacancies caused by death, resignation, removal, disqualification, or otherwise shall be filled by the Board. For any position other than that of President, such vacancy may be filled by appointment by the President until such time as the Board shall fill the vacancy.

SECTION 6. DUTIES OF OFFICERS

The President shall be the chief executive officer of the corporation and shall, subject to the Board, supervise and control the affairs of the corporation and the activities of the officers. The President shall preside over all meetings of the Board. The President, in the name of the corporation, shall execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the Board of Directors. He or she shall perform all duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be prescribed from time to time by the Board of Directors.

In the absence of the President, or in the event of his or her inability or refusal to act, the

SECTION 8. DISCIPLINE

Vice-president shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions on, the President. The Vice-president shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these Bylaws, or may be prescribed by the Board of Directors.

The Secretary shall: certify and keep at the principal office of the corporation the original, or a copy, of these Bylaws as amended or otherwise altered to date; keep a book of minutes of all meetings of the Board of Directors, recording therein the time and place of holding, whether regular or special, the names of those present, and the procedures thereof; see that notices are duly given in accordance with the provisions of these Bylaws and as required by law;

be custodian of the records and of the seal, if any, of the corporation and to execute documents of the corporation; keep a list of members of the Board containing the name, address, and contact phone number of each, and, in the case of membership termination, the date the member ceased to be part of the Board; exhibit at all reasonable times to any member of the Board, or his or her agent, or attorney, on request therefor, the Bylaws, the membership book, and the minutes of the proceedings of the corporation;

in general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors; receive, and give receipt for monies due and payable to the corporation from any source whatsoever; disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board, taking proper vouchers thereof;

keep and maintain adequate and correct accounts of the corporation properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses; exhibit at all reasonable times the books of accounts and financial records to any member of the Board of the corporation, or to his or her agent or attorney, on request thereof; render to the President and Board members, whenever requested, an account of any or all of his or her transactions as Treasurer and of the financial condition of the corporation; prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports;

in general, perform all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation of the corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

SECTION 7. COMPENSATION

The salaries of the officers, if any, shall be fixed from time to time by resolution of the Board of Directors. In all cases, any salaries received by the officers of this corporation shall be reasonable and given in return for services actually rendered to or for the corporation.

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board may select.

SECTION 8. DISCIPLINE

Charges of professional dishonesty or unethical behavior in regard to the corporation, working against the principles and purposes of the organization and/or injuring the professional standing of a member, may be filed in a written statement signed by three members in good standing.

The accused member shall be notified in writing of the action and shall have the privilege of being present at a special or regular meeting of the Board at which the charges will be considered.

The member may be suspended or removed by a majority vote of Board members present.

ARTICLE 5 COMMITTEES

SECTION 1. COMMITTEE MEMBERSHIP

The Board of Directors may, by a majority vote, designate committees as required to address specific issues or areas of interest. These committees may consist of persons who are not also members of the Board and shall act in an advisory capacity to the Board.

SECTION 2. MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board of Directors, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and the members for the Board of Directors and its members, except that the time for regular and special meetings of committees may be fixed by resolution of the Board or by the committee. The Board of Directors may also adopt rules and regulations pertaining to the conduct of meetings and committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws.

ARTICLE 6 EXECUTION OF DEPOSITS AND FUNDS

SECTION 1. CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the Treasurer and countersigned by the President of the corporation.

SECTION 2. DEPOSITS

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board may select.

SECTION 3. GIFTS

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or device for the nonprofit purposes of this corporation.

ARTICLE 7 CORPORATE RECORDS, REPORTS AND SEAL

SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office:

- (a) Minutes of all meetings of directors and committees of the Board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- (b) Adequate and correct books and records of account, including accounts of its properties and business transactions, accounts of its assets, liabilities, receipts, disbursements, gains and losses;
- (c) A record of its members of the Board indicating their names, addresses, and phone numbers.
- (d) A copy of the corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the members of the corporation at all reasonable times.

SECTION 2. CORPORATE SEAL

The Board of Directors may adopt, use, and alter at will, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

SECTION 3. BOARD MEMBER'S INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation and shall have such other rights to inspect the books, records and properties of this corporation as may be required under the Articles of Incorporation, other provisions of these Bylaws, and provisions of law.

SECTION 4. RIGHT TO COPY AND MAKE EXTRACTS

Any inspection under the provisions of this Article made be made in person or by the agent or attorney and the right to make inspection shall include the right to copy and make extracts.

SECTION 5. PERIODIC REPORT

The Board shall cause any annual or periodic report required under law to be prepared and delivered to an office of this state or to its members, if any, of this corporation, to be so prepared and delivered within the time limits set by law.

ARTICLE 8 IRC 501 (c) (3) TAX EXEMPTION PROVISIONS

SECTION 1. LIMITATION OF ACTIVITIES

No substantial part of this corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation [except as otherwise provided by Section 501 (h) of the Internal Revenue Code], and this corporation shall not participate in, or intervene in, (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these Bylaws, this corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code.

SECTION 2. PROHIBITION AGAINST PRIVATE INUREMENT

No part of the net earnings of this corporation shall inure to the benefit of, or be distributed to, its members, directors, trustees, officers, or other private persons, except that the corporation shall be authorized and be empowered to make reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this corporation.

SECTION 3. DISTRIBUTION OF ASSETS

Upon the dissolution of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed for one or more exempt purposes within the meaning of Section 510 (c) (3) of the Internal Revenue Code or shall be distributed to the federal government, or to a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of this state.

ARTICLE 9 AMENDMENT OF THE BYLAWS

SECTION 1. AMENDMENT

Subject to the power of its members, if any, of this corporation to adopt, amend, or repeal the Bylaws of this corporation and except as otherwise be specified under provisions of law, these Bylaws, or any of them, may be altered, amended, or repealed and new Bylaws adopted by approval of the Board of Directors.

ARTICLE 10 CONSTRUCTION AND TERMS

If there is any conflict between the provisions of these Bylaws and the Articles of Incorporation of this corporation, the provisions of the Articles of Incorporation shall govern.

Should any of the provisions or portions of these Bylaws be held unenforceable or invalid for any reason, the remaining provisions and portions of these Bylaws shall be unaffected by such holding.

All reference in these Bylaws to the Articles of Incorporation shall be to the Articles of Incorporation, Articles of Organization, Certificate of Incorporation, Organizational Charter, Corporate Charter, or other founding document of this corporation filed with an office of this state and used to establish the legal existence of this corporation.

All references in these Bylaws to a section or sections of the Internal Revenue Code shall be to such sections of the Internal Revenue Code of 1986 as amended from time to time, or corresponding provisions of any future federal tax code.

ADOPTION OF BYLAWS

We, the undersigned, are all of the initial directors or incorporators of this corporation, and we consent to, and hereby do, adopt the foregoing Bylaws, consisting of 10 total pages, as the Bylaws of this corporation.

DATED: 11/12/97

Darlene Hairston Darlene Hairston
Katherine C. Nugent Katherine C. Nugent
NANCY J. TAYLOR Nancy J. Taylor

In Search of the Elusive 501 (c) 3
A Guide to the Establishment of a Nonprofit Organization

Interview Questions

- 1) With which nonprofit organizations have you been involved?
- 2) What motivated your involvement in the particular organization(s)?
- 3) How have you been involved in the establishment of nonprofit organizations?
- 4) What would you say were the most difficult problems you encountered in obtaining nonprofit status for the organization(s) in which you've been involved?
- 5) What do you wish you knew at the beginning of the process of seeking nonprofit Status, that you know now?
- 6) Have you assisted others in establishing nonprofit organizations?
- 7) What advice would you give to someone who wants to start a nonprofit organization?
- 10) Find someone, a lawyer or accountant skilled in tax law, for assistance in completing the 501 (c) 3 application. You'll need it.
- 11) Be prepared to spend \$465 on the chance that your organization will be accepted as a 501 (c) 3.
- 12) After you receive the 501 (c) 3, complete a state tax-exempt status application.
- 13) Learn to write grants or have people on your Board of Directors who know how to write grants.
- 14) Be prepared to spend a lot of time and money to see your organization come into existence and survive.
- 15) Complete ongoing quarterly tax reports and annual state fees.

The Quick Guide for Starting a Nonprofit Tax-Exempt Organization

- 1) Identify a need in the community, the “somebody should do something” idea.
- 2) Investigate to see if your organization would be duplicating the services of another.
- 3) Choose a name. Check to see if the name you chose is already being used by another organization. If so, try another choice and check it.
- 4) Obtain an Employer Identification Number (EIN).
- 5) Design your mission statement; be specific.
- 6) Create a Board of Directors. It must consist of at least three members. They need to be dedicated to the mission.
- 7) Write (or borrow) your organization’s by-laws.
- 8) Complete Articles of Incorporation and apply to be recognized by the state of residency as a nonprofit incorporated organization. Send fee.
- 9) Ask the IRS for a 501 (c) 3 application.
- 10) Find someone, a lawyer or accountant skilled in tax law, for assistance in completing the 501 (c) 3 application. You’ll need it.
- 11) Be prepared to spend \$465 on the chance that your organization will be accepted as a 501 (c) 3.
- 12) After you receive the 501 (c) 3, complete a state tax-exempt status application.
- 13) Learn to write grants or have people on your Board of Directors who know how to write grants.
- 14) Be prepared to spend a lot of time and money to see your organization come into existence and survive.
- 15) Complete ongoing quarterly tax reports and annual state fees.

**Addresses and Numbers for Starting a Nonprofit Tax-exempt Organization
For the State of Indiana**

Indiana Secretary of State
Business Services Division
302 W. Washington Street
Room E018
Indianapolis, IN 46204
(317) 232-6576

Name check/name reservation
(317) 232-6576

Employer Identification Number (EIN)
Forms and number may be obtained at your local IRS office
Locations of IRS offices may be obtained by calling 1-800-829-3676
or you may request a form be sent directly to you

Indiana Department of Revenue
Not-for-Profit Section
IN Government Center North – Room N203
100 North Senate Avenue
Indianapolis, IN 46204-2253
(317) 232-2188

Internal Revenue Service (local offices are listed in the phone book)
611 Lincolnway East
South Bend, IN 46601
Federal Tax forms (800) 829-3676

VITA

Nancy Jo Taylor received her undergraduate degree in Psychology from Indiana University South Bend in 1991. She has been employed as a counselor and educator working with clients in the areas of domestic violence/anger management and substance abuse since that time. She is presently the Coordinator of Educational Services at the Saint Joseph County Court Substance Abuse Program in South Bend, Indiana. Her private counseling practice, The Anger Manager, has been in service since 1993. She is President and co-Founder of Beacon Place, Incorporated, a transitional shelter and counseling service for domestic violence survivors. She is a domestic violence survivor.